

Senate Bill No. 437

CHAPTER 328

An act to amend Section 12693.70 of, to add Sections 12693.98a and 12694 to, and to amend and repeal Section 12693.98 of, the Insurance Code, and to amend Section 14011.65 of, to add Section 14012.5 to, and to add and repeal Section 14011.65a of, the Welfare and Institutions Code, relating to health care coverage.

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LEGISLATIVE COUNSEL'S DIGEST

SB 437, Escutia. Health care coverage.

(1) Existing law establishes various public programs to provide health care coverage to eligible children, including the Medi-Cal program administered by the State Department of Health Services and county welfare agencies, and the Healthy Families Program administered by the Managed Risk Medical Insurance Board. Children through 18 years of age are eligible for health care coverage under these programs if they meet certain household income and other requirements.

This bill would declare the intent of the Legislature that all children in the state have health care coverage by December 1, 2010.

(2) Existing law creates the Medi-Cal-to-Healthy Families Bridge Benefits Program (Medi-Cal Bridge Program), which is administered by the Managed Risk Medical Insurance Board as part of the Healthy Families Program, and continuously appropriates the Healthy Families Fund to the board for purposes of the Healthy Families Program. Under existing law, the Medi-Cal Bridge Program provides a child who meets specified eligibility requirements, including having a family income at or below 200% of the federal poverty level, one calendar month of health care benefits while applying for the Healthy Families Program.

This bill, if federal financial participation is available, and the Healthy Families Program has sought and obtained federal approval, would cease implementation of the Medi-Cal Bridge Program and instead would provide for presumptive eligibility benefits until the person's eligibility for the Healthy Families Program has been determined by the board. This bill would require the board to enroll an eligible person in the Healthy Families Program and to terminate presumptive eligibility benefits for ineligible persons.

The bill, by January 1, 2008, would require the board to implement processes for the self-certification of income by Healthy Families applicants, as specified.

(3) Existing law, the California Special Supplemental Food Program for Women, Infants, and Children (WIC), authorizes establishment of a statewide program, administered by the State Department of Health Services, for providing nutritional food supplements to low-income pregnant women, low-income postpartum and lactating women, and low-income infants and children under 5 years of age, who have been determined to be at nutritional risk. The program, which implements a program authorized under existing federal law, provides for the redemption of nutrition coupons by recipients at any authorized retail food vendor.

This bill would require the Managed Risk Medical Insurance Board and the State Department of Health Services, in collaboration with WIC program offices and other designated entities, to design, promulgate, and implement policies and procedures for an automated enrollment gateway system to obtain presumptive eligibility for, and to facilitate application for enrollment in, the Medi-Cal program and the Healthy Families Program for children applying to the WIC program. The bill would require the department to seek approval of any amendment to the state plan required to implement these provisions, and would require that all necessary approvals be obtained before the provisions are implemented. It would also provide for modifications in WIC program eligibility requirements.

(4) Existing law requires the state, to the extent authorized by federal law, to administer the Medi-Cal to Healthy Families Accelerated Enrollment program. Under existing law, the program provides temporary health benefits for a child who meets specified eligibility requirements, including being eligible for full scope Medi-Cal with a share of cost and consenting to sharing specified information with the Healthy Families Program.

This bill would cease implementation of this program, and instead would establish the Medi-Cal to Healthy Families Presumptive Eligibility Program, with revised eligibility requirements. The bill would provide presumptive eligibility benefits for qualifying children until the last day of the month of the child's effective date of Healthy Families coverage, or determination of ineligibility. The bill would make these provisions inoperative 3 years after the Director of Health Services executes a declaration relating to the statewide implementation of the presumptive eligibility program, at which time implementation of the Medi-Cal to Healthy Families Accelerated Enrollment program would resume.

This bill would authorize the State Department of Health Services, by July 1, 2007, to implement a process for self-certification of the amount and nature of assets and income of Medi-Cal applicants and beneficiaries without submitting income or asset documentation, as specified, to the extent federal financial participation is available. The bill would prohibit implementation of these provisions if Proposition 86 is approved by the voters at the November 7, 2006, statewide general election, except as specified.

(5) This bill would authorize the Managed Risk Medical Insurance Board to adopt emergency regulations to implement the bill, as specified.

(6) This bill would provide that it shall be implemented only to the extent that funds for its purposes are appropriated in the annual Budget Act or another statute.

(7) Because counties are responsible for making eligibility determinations under the Healthy Families Program and the Medi-Cal program, by revising eligibility requirements for these programs, this bill would impose a state-mandated local program.

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature that by December 1, 2010, all children in the state shall have health care coverage.

SEC. 2. Section 12693.70 of the Insurance Code, as amended by Section 42 of Chapter 74 of the Statutes of 2006, is amended to read:

12693.70. To be eligible to participate in the program, an applicant shall meet all of the following requirements:

(a) Be an applicant applying on behalf of an eligible child, which means a child who is all of the following:

(1) Less than 19 years of age. An application may be made on behalf of a child not yet born up to three months prior to the expected date of delivery. Coverage shall begin as soon as administratively feasible, as determined by the board, after the board receives notification of the birth. However, no child less than 12 months of age shall be eligible for coverage until 90 days after the enactment of the Budget Act of 1999.

(2) Not eligible for no-cost full-scope Medi-Cal or Medicare coverage at the time of application.

(3) In compliance with Sections 12693.71 and 12693.72.

(4) A child who meets citizenship and immigration status requirements that are applicable to persons participating in the program established by Title XXI of the Social Security Act, except as specified in Section 12693.76.

(5) A resident of the State of California pursuant to Section 244 of the Government Code; or, if not a resident pursuant to Section 244 of the Government Code, is physically present in California and entered the state with a job commitment or to seek employment, whether or not employed at the time of application to or after acceptance in, the program.

(6) (A) In either of the following:

(i) In a family with an annual or monthly household income equal to or less than 200 percent of the federal poverty level.

(ii) When implemented by the board, subject to subdivision (b) of Section 12693.765 and pursuant to this section, a child under the age of two years who was delivered by a mother enrolled in the Access for Infants and Mothers Program as described in Part 6.3 (commencing with Section 12695). Commencing July 1, 2007, eligibility under this subparagraph shall not include infants during any time they are enrolled in employer-sponsored health insurance or are subject to an exclusion pursuant to Section 12693.71 or 12693.72, or are enrolled in the full scope of benefits under the Medi-Cal program at no share of cost. For purposes of this clause, any infant born to a woman whose enrollment in the Access for Infants and Mothers Program begins after June 30, 2004, shall be automatically enrolled in the Healthy Families Program, except during any time on or after July 1, 2007, that the infant is enrolled in employer-sponsored health insurance or is subject to an exclusion pursuant to Section 12693.71 or 12693.72, or is enrolled in the full scope of benefits under the Medi-Cal program at no share of cost. Except as otherwise specified in this section, this enrollment shall cover the first 12 months of the infant's life. At the end of the 12 months, as a condition of continued eligibility, the applicant shall provide income information. The infant shall be disenrolled if the gross annual household income exceeds the income eligibility standard that was in effect in the Access for Infants and Mothers Program at the time the infant's mother became eligible, or following the two-month period established in Section 12693.981 if the infant is eligible for Medi-Cal with no share of cost. At the end of the second year, infants shall again be screened for program eligibility pursuant to this section, with income eligibility evaluated pursuant to clause (i), subparagraphs (B) and (C), and paragraph (2) of subdivision (a).

(B) All income over 200 percent of the federal poverty level but less than or equal to 250 percent of the federal poverty level shall be disregarded in calculating annual or monthly household income.

(C) In a family with an annual or monthly household income greater than 250 percent of the federal poverty level, any income deduction that is applicable to a child under Medi-Cal shall be applied in determining the annual or monthly household income. If the income deductions reduce the annual or monthly household income to 250 percent or less of the federal poverty level, subparagraph (B) shall be applied.

(b) The applicant shall agree to remain in the program for six months, unless other coverage is obtained and proof of the coverage is provided to the program.

(c) An applicant shall enroll all of the applicant's eligible children in the program.

(d) In filing documentation to meet program eligibility requirements, if the applicant's income documentation cannot be provided, as defined in regulations promulgated by the board, the applicant's signed statement as

to the value or amount of income shall be deemed to constitute verification.

(e) An applicant shall pay in full any family contributions owed in arrears for any health, dental, or vision coverage provided by the program within the prior 12 months.

(f) By January 2008, the board, in consultation with stakeholders, shall implement processes by which applicants for subscribers may certify income at the time of annual eligibility review, including rules concerning which applicants shall be permitted to certify income and the circumstances in which supplemental information or documentation may be required. The board may terminate using these processes not sooner than 90 days after providing notification to the Chair of the Joint Legislative Budget Committee. This notification shall articulate the specific reasons for the termination and shall include all relevant data elements that are applicable to document the reasons for the termination. Upon the request of the Chair of the Joint Legislative Budget Committee, the board shall promptly provide any additional clarifying information regarding implementation of the processes required by this subdivision.

SEC. 3. Section 12693.98 of the Insurance Code is amended to read:

12693.98. (a) (1) The Medi-Cal-to-Healthy Families Bridge Benefits Program is hereby established to provide any child who meets the criteria set forth in subdivision (b) with a one calendar-month period of health care benefits in order to provide the child with an opportunity to apply for the Healthy Families Program established under Chapter 16 (commencing with Section 12693).

(2) The Medi-Cal-to-Healthy Families Bridge Benefits Program shall be administered by the board and the State Department of Health Services.

(b) (1) Any child who meets all of the following requirements shall be eligible for one calendar month of Healthy Families benefits funded by Title XXI of the Social Security Act, known as the State Children's Health Insurance Program:

(A) He or she has been receiving, but is no longer eligible for, full-scope Medi-Cal benefits without a share of cost.

(B) He or she is eligible for full-scope Medi-Cal benefits with a share of cost.

(C) He or she is under 19 years of age at the time he or she is no longer eligible for full-scope Medi-Cal benefits without a share of cost.

(D) He or she has family income at or below 200 percent of the federal poverty level.

(E) He or she is not otherwise excluded under the definition of "targeted low-income child" under subsections (b)(1)(B)(ii), (b)(1)(C), and (b)(2) of Section 2110 of the Social Security Act (42 U.S.C. Secs. 1397jj(b)(1)(B)(ii), 1397jj(b)(1)(C), and 1397jj(b)(2)).

(2) The one calendar month of benefits under this chapter shall begin on the first day of the month following the last day of the receipt of benefits without a share of cost.

(c) The income methodology for determining a child's family income, as required by paragraph (1) of subdivision (b) shall be the same methodology used in determining a child's eligibility for the full scope of Medi-Cal benefits.

(d) The one calendar-month period of Healthy Families benefits provided under this chapter shall be identical to the scope of benefits that the child was receiving under the Medi-Cal program without a share of cost.

(e) The one calendar-month period of Healthy Families benefits provided under this chapter shall only be made available through a Medi-Cal provider or under a Medi-Cal managed care arrangement or contract.

(f) Except as provided in subdivision (j), nothing in this section shall be construed to provide Healthy Families benefits for more than a one calendar-month period under any circumstances, including the failure to apply for benefits under the Healthy Families Program or the failure to be made aware of the availability of the Healthy Families Program, unless the circumstances described in subdivision (b) reoccur.

(g) (1) This section shall become operative on the first day of the second month following the effective date of this section, subject to paragraph (2).

(2) Under no circumstances shall this section become operative until, and shall be implemented only to the extent that, all necessary federal approvals, including approval of any amendments to the State Child Health Plan have been sought and obtained and federal financial participation under the federal State Children's Health Insurance Program, as set forth in Title XXI of the Social Security Act, has been approved.

(h) This section shall become inoperative if an unappealable court decision or judgment determines that any of the following apply:

(1) The provisions of this section are unconstitutional under the United States Constitution or the California Constitution.

(2) The provisions of this section do not comply with the State Children's Health Insurance Program, as set forth in Title XXI of the Social Security Act.

(3) The provisions of this section require that the health care benefits provided pursuant to this section are required to be furnished for more than two calendar months.

(i) If the State Child Health Insurance Program waiver described in Section 12693.755 is approved, and at the time the waiver is implemented, the benefits described in this section shall also be available to persons who meet the eligibility requirements of the program and are parents of, or, as defined by the board, adults responsible for, children enrolled to receive coverage under this part or enrolled to receive full-scope Medi-Cal services with no share of cost.

(j) The one month of benefits provided in this section shall be increased to two months commencing on implementation of the waiver referred to in Section 12693.755.

(k) This section shall cease to be implemented on the date that the Director of Health Services executes a declaration stating that implementation of the Healthy Families Presumptive Eligibility Program established pursuant to Section 12693.98a has commenced, and as of that date is repealed.

SEC. 4. Section 12693.98a is added to the Insurance Code, to read:

12693.98a. (a) (1) The Healthy Families Presumptive Eligibility Program is hereby established to provide any child who meets the criteria set forth in subdivision (b) with presumptive eligibility benefits until the board has determined the child's eligibility for the Healthy Families Program.

(2) The Healthy Families Presumptive Eligibility Program shall be administered by the board.

(b) (1) Any child who meets both of the following requirements shall be eligible for presumptive eligibility benefits under the Healthy Families Presumptive Eligibility Program:

(A) He or she has been receiving, but is no longer eligible for, full-scope Medi-Cal benefits without a share of cost, or he or she is eligible for full-scope Medi-Cal benefits with a share of cost.

(B) He or she otherwise appears to meet the income eligibility criteria for the Healthy Families Program.

(2) The presumptive eligibility benefits under this section shall begin on the first day of the month following the last day of the receipt of Medi-Cal benefits without a share of cost. Presumptive eligibility benefits under this section shall terminate at the end of the month in which a child's effective date in the Healthy Families Program begins or the end of the month in which the board determines that the child is not eligible for the Healthy Families Program. If the board determines that the child is eligible for the Healthy Families Program, the board shall enroll the child in the Healthy Families Program without an interruption in coverage. If the board determines that the child is ineligible for the Healthy Families Program, the board shall terminate the child's benefits under the Healthy Families Presumptive Eligibility Program.

(c) The income methodology for determining a child's family income for the purposes of the Healthy Families Presumptive Eligibility Program, as required by paragraph (1) of subdivision (b), shall be the same methodology used in determining a child's eligibility for the full scope of Medi-Cal benefits.

(d) The scope of presumptive eligibility benefits provided under the Healthy Families Presumptive Eligibility Program shall be identical to the scope of benefits that the child was receiving under the Medi-Cal program without a share of cost.

(e) The presumptive eligibility benefits provided under this section shall only be made available through a Medi-Cal provider or under a Medi-Cal managed care arrangement or contract.

(f) When an application is forwarded by the county to the Healthy Families Program, the county shall send the application to the Healthy

Families Program via an electronic application format defined by the department, provided that the department has implemented the automated interfaces necessary to accomplish electronic submission of applications from the county to the Healthy Families Program without requiring duplicative data entry by the county. The transmission of the electronic application to the Healthy Families Program shall occur within the timeframes designated by the department.

(g) To the extent necessary, the department and the board may exchange a child's case file solely for the purpose of determining the child's eligibility for the Medi-Cal program or the Healthy Families Program, without requiring the family's consent, to the extent allowed by federal law. Any information, including the child's case file, shall be kept confidential by the department and the board pursuant to state and federal law, and it shall be used only for the determination or continuation of eligibility.

(h) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of all-county letters or similar instructions, without taking any further regulatory action. Thereafter, the department may adopt regulations, as necessary, to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(i) This section shall be implemented when the state has sought and obtained approval of any amendments to its state plan necessary to implement the changes to this section, pursuant to this act, and has obtained funding under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.) for the provision of benefits under this section. Until the changes to this section, made by this act, are implemented, the Medi-Cal to Healthy Families Bridge Program established pursuant to Section 12693.98 shall remain in effect. Notwithstanding any other provision of law, and only when all necessary federal approvals have been obtained by the state, this section shall be implemented only to the extent federal financial participation under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.) is available to fund benefits provided under this section.

(j) Upon implementation of the Healthy Families Presumptive Eligibility Program pursuant to this section, the Director of Health Services shall execute a declaration, which shall be retained by the director, stating that implementation of the section has commenced.

SEC. 5. Section 12694 is added to the Insurance Code, to read:

12694. (a) The board and the department, in collaboration with program offices for the California Special Supplemental Food Program for Women, Infants, and Children (WIC or the WIC program), local WIC agencies, counties in their capacity of making Medi-Cal eligibility determinations, advocates, information technology specialists, and other stakeholders, shall design, promulgate, and implement policies and procedures for an automated enrollment gateway system developed by the

department and the board that performs, but is not limited to performing, the following functions:

(1) To the extent that federal financial participation is available, allowing children applying to the WIC program to submit a simple electronic application to simultaneously obtain presumptive eligibility for Medi-Cal and Healthy Families under Title XIX (42 U.S.C. 1396 et seq.) and Title XXI (42 U.S.C. 1397aa et seq.) of the Social Security Act and apply for enrollment into the Medi-Cal program or the Healthy Families Program with the consent of their parent or guardian.

(2) Modify the existing WIC enrollment system to obtain the minimum required data for enrollment in Medi-Cal and Healthy Families in order to provide an electronic transactional platform that is connected to the simple electronic application referenced in paragraph (1) and allowing for an interface between that application, the Medi-Cal Eligibility Data System (MEDS), and the Medi-Cal program or the Healthy Families Program, as relevant.

(3) Providing an automated real-time connection with MEDS for the purpose of checking an applicant's enrollment status.

(4) Allowing for the electronic transfer of information to the Medi-Cal program or the Healthy Families Program, as relevant, for the purpose of making the final eligibility determination.

(5) Checking, as relevant, available government databases for the purpose of electronically receiving information that is necessary to allow the Medi-Cal program or the Healthy Families Program to complete the eligibility determination. The department and the Managed Risk Medical Insurance Board shall comply with all applicable privacy and confidentiality provisions under federal and state law.

(b) The automated enrollment gateway system shall be constructed with the capacity to be used by entities operating the WIC program.

(c) The WIC application process shall be modified to provide an electronic application described in subdivision (a), which shall contain the information necessary to apply for the automated enrollment gateway system, supplemented by information required to apply for enrollment into the Medi-Cal program or the Healthy Families Program.

(d) Benefits for applicants opting to simultaneously obtain presumptive eligibility for enrollment under this section shall continue until a final eligibility determination is made for the Medi-Cal program or the Healthy Families Program pursuant to Section 14011.8 of the Welfare and Institutions Code.

(e) Operation of the automated enrollment gateway system for the WIC program shall occur within a timely and appropriate period as determined by the department and the board, in consultation with the stakeholders as provided in subdivision (a) subject to a specific appropriation being provided for that purpose in the Budget Act or in subsequent legislation. The automated enrollment gateway system shall comply with all applicable confidentiality and privacy protection in federal and state law and regulation.

(f) The WIC program shall collect income and residency information necessary for the Medi-Cal program and the Healthy Families Program documentation requirements for applications submitted through the automated enrollment gateway system. To the extent allowed by the federal government, the Medi-Cal and Healthy Families programs shall rely on income information obtained by WIC and upon the income verification process performed by WIC. The Medi-Cal and Healthy Families programs shall collect and verify citizenship and immigration information as required under those programs.

(g) Consistent with the provisions of this section, the Medi-Cal and Healthy Families programs may collect additional information needed to verify eligibility in those programs.

(h) Counties shall accept and process for a Medi-Cal eligibility determination applications provided by the WIC gateway system and ensure timely processing of these applications and a timely eligibility determination and ending of presumptive eligibility.

(i) The presumptive eligibility benefits provided under this section shall be identical to the benefits provided to children who receive full-scope Medi-Cal benefits without a share of cost, and shall only be made available through a Medi-Cal provider.

(j) The confidentiality and privacy protections set forth in Sections 10850 and 14100.2 of the Welfare and Institutions Code and all other confidentiality and privacy protections in federal and state law and regulation shall apply to all children and families using the automated enrollment gateway system as described in this section.

(k) The state shall promote and offer support to the WIC program for the use of the simple electronic application and the automated enrollment gateway system.

(l) The board shall seek approval of any amendments to the state plan necessary to implement this section, in accordance with Title XXI (42 U.S.C. Sec. 1397aa et seq.) of the federal Social Security Act.

(m) The department shall seek approval of any amendments to the state plan necessary to implement this section, in accordance with Title XIX (42 U.S.C. 1396 et seq.) of the federal Social Security Act. Notwithstanding any other provision of law, only when all necessary federal approvals have been obtained shall this section be implemented.

SEC. 6. Section 14011.65 of the Welfare and Institutions Code is amended to read:

14011.65. (a) To the extent allowed under federal law and only if federal financial participation is available under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.), the state shall administer the Medi-Cal to Healthy Families Accelerated Enrollment program, to provide any child who meets the criteria set forth in subdivision (b) with temporary health benefits for the period described in paragraph (2) of subdivision (b), as established under Part 6.2 (commencing with Section 12693) of Division 2 of the Insurance Code.

(b) (1) Any child who meets all of the following requirements, shall be eligible for temporary health benefits under this section:

(A) The child, or his or her parent or guardian, submits an application for the Medi-Cal program directly to the county.

(B) The child's income, as determined on the basis of the application described in subparagraph (A), is within the income limits established by the Healthy Families Program.

(C) The child is under 19 years of age at the time of the application.

(D) The county determines, on the basis of the application described in subparagraph (A), that the child is eligible for full scope Medi-Cal with a share of cost.

(E) The child is not receiving Medi-Cal benefits at the time that the application is submitted.

(F) The child, or his or her parent or guardian, gives, or has given consent for the application to be shared with the Healthy Families Program for purposes of determining the child's Healthy Families Program eligibility.

(2) The period of accelerated eligibility provided for under this section begins on the first day of the month that the county finds that the child meets all of the criteria described in paragraph (1) and concludes on the last day of the month that the child either is fully enrolled in, or has been determined ineligible for, the Healthy Families Program.

(3) For any child who meets the requirements for temporary health benefits under this section, the county shall forward to the Healthy Families Program sufficient information from the child's application to determine eligibility for the Healthy Families Program. To the extent possible, submission of that information to the Healthy Families Program shall be accomplished using an electronic process developed for use in the Medi-Cal-to-Healthy Families Bridge Benefits Program. The department shall give the Healthy Families Program a daily electronic file of all children provided temporary health benefits pursuant to this section.

(4) The temporary health benefits provided under this section shall be identical to the benefits provided to children who receive full-scope Medi-Cal benefits without a share of cost and shall only be made available through a Medi-Cal provider.

(c) The department, in consultation with the Managed Risk Medical Insurance Board and representatives of the local agencies that administer the Medi-Cal program, consumer advocates, and other stakeholders, shall develop and distribute the policies and procedures, including any all-county letters, necessary to implement this section.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of all-county letters or similar instructions, without taking any further regulatory action. Thereafter, the department may adopt regulations, as necessary, to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) The department shall seek approval of any amendments to the state plan necessary to implement this section, in accordance with Title XIX (42 U.S.C. Sec. 1396 et seq.) of the Social Security Act. Notwithstanding any other provision of law, only when all necessary federal approvals have been obtained shall this section be implemented.

(f) Under no circumstances shall this section be implemented unless the state has sought and obtained approval of any amendments to its state plan, as described in Section 12693.50 of the Insurance Code, necessary to implement this section and obtain funding under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.) for the provision of benefits provided under this section. Notwithstanding any other provision of law, and only when all necessary federal approvals have been obtained by the state, this section shall be implemented only to the extent federal financial participation under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.) is available to fund benefits provided under this section.

(g) The department shall commence implementation of this section on the first day of the third month following the month in which federal approval of the state plan amendment or amendments described in subdivision (f), and subdivision (b) of Section 12693.50 of the Insurance Code is received, or on August 1, 2006, whichever is later.

(h) This section shall cease to be implemented on the date that the director executes a declaration, pursuant to subdivision (h) of Section 14011.65, stating that implementation of Section 14011.65a has commenced. Implementation of this section shall resume on the date that Section 14011.65a becomes inoperative, pursuant to subdivision (h) of that section.

SEC. 7. Section 14011.65a is added to the Welfare and Institutions Code, to read:

14011.65a. (a) To the extent allowed under federal law under Title XIX (42 U.S.C. 1396 et seq.) and Title XXI (42 U.S.C. 1397aa et seq.) of the Social Security Act, and only if federal financial participation is available under Title XXI (42 U.S.C. 1397aa et seq.) of the Social Security Act, the state shall administer the Medi-Cal to Healthy Families Presumptive Eligibility Program, to provide any child who meets the criteria set forth in subdivision (b) with presumptive eligibility benefits for the period described in paragraph (4) of subdivision (b).

(b) (1) On the basis of an initial screen performed by the county when an application for Medi-Cal or Healthy Families Program eligibility is filed, any child who meets all of the following requirements, shall be eligible for presumptive eligibility benefits under this section:

(A) The child, or his or her parent or guardian, submits an application for the Medi-Cal program or the Healthy Families Program directly to the county.

(B) The child's income, as screened by the county on the basis of the application described in subparagraph (A), is not within the income levels necessary to establish no share-of-cost Medi-Cal eligibility.

(C) The child's income, as screened by the county on the basis of the application described in subparagraph (A), is within the income limits established by the Healthy Families Program.

(D) The child is under 19 years of age at the time of the application.

(E) The child is not receiving no-cost Medi-Cal or Healthy Families benefits at the time that the application is submitted.

(2) When the county performs the initial screen and determines that the child meets the criteria described in paragraph (1), the county shall establish presumptive eligibility for Healthy Families for that child. Once presumptive eligibility has been established, the county shall continue to determine child's eligibility for Medi-Cal on the basis of the filed application.

(3) When the county completes the Medi-Cal eligibility determination process and determines a child ineligible for no-cost Medi-Cal and the child appears to be income eligible for the Healthy Families Program, the county shall find the child presumptively eligible for the Healthy Families Program and comply with the standards set forth in paragraph (5) if either of the following conditions are met:

(A) The county determined the child eligible for Medi-Cal with a share of cost.

(B) The child is not income eligible for a poverty level program and the county did not establish no-cost Medi-Cal eligibility because the child did not complete or failed to pass the resource standard or establish disability or deprivation.

(4) The period of presumptive eligibility provided for under this section begins on the first day of the month that the county finds that the child meets all of the criteria described in paragraph (1) or (3), and concludes on the last day of the month of the child's effective date of coverage in the Healthy Families Program, or determination of ineligibility for the Healthy Families Program.

(5) (A) For any child who meets the requirements for presumptive eligibility benefits under this section, the county shall forward to the Healthy Families Program the child's application, to determine eligibility for the Healthy Families Program. The submission of the application to the Healthy Families Program shall be accomplished using an electronic format, specified by the department provided that the department has implemented the automated interfaces necessary to accomplish electronic submission of applications from the county to the Healthy Families Program without requiring duplicative data entry by the county. If all of the eligibility criteria set forth in paragraph (1) of subdivision (b) are established at the time of application, the application to Healthy Families Program shall be forwarded in accordance with the timeframes established by the department.

(B) The department shall give the Healthy Families Program a daily electronic file of all children provided presumptive eligibility benefits pursuant to this section.

(6) The presumptive eligibility benefits provided under this section shall be identical to the benefits provided to children who receive full-scope Medi-Cal benefits without a share of cost and shall only be made available through a Medi-Cal provider.

(c) The department, in consultation with the Managed Risk Medical Insurance Board and representatives of the local agencies that administer the Medi-Cal program, consumer advocates, and other stakeholders, shall develop and distribute the policies and procedures, including any all-county letters, necessary to implement this section.

(d) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of all-county letters or similar instructions, without taking any further regulatory action. Thereafter, the department may adopt regulations, as necessary, to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) The department shall seek approval of any amendments to the state plan necessary to implement this section, in accordance with Title XIX (42 U.S.C. Sec. 1396 et seq.) of the Social Security Act. Notwithstanding any other provision of law, only when all necessary federal approvals have been obtained shall this section be implemented.

(f) Under no circumstances shall this section be implemented unless the state has sought and obtained approval of any amendments to its state plan, as described in Section 12693.50 of the Insurance Code, necessary to implement this section and obtain funding under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.) for the provision of benefits provided under this section. Notwithstanding any other provision of law, and only when all necessary federal approvals have been obtained by the state, this section shall be implemented only to the extent federal financial participation under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.) is available to fund benefits provided under this section.

(g) The department shall commence implementation of this section on the first day of the third month following the month in which federal approval of the state plan amendment or amendments described in subdivision (f), and subdivision (b) of Section 12693.50 of the Insurance Code is received, or on August 1, 2007, whichever is later.

(h) Upon implementation of the Medi-Cal to Healthy Families Presumptive Eligibility Program pursuant to this section, the director shall execute a declaration, which shall be retained by the director, stating that implementation of this section has commenced. This section shall become inoperative three years after the date that the director executes the declaration, and shall be repealed on January 1 of the year following the date upon which this section becomes inoperative.

SEC. 8. Section 14012.5 is added to the Welfare and Institutions Code, to read:

14012.5. (a) By July 1, 2007, the department shall implement a process that allows applicants and beneficiaries to self-certify the amount

and nature of assets and income without the need to submit income or asset documentation.

(b) The process shall apply to applicants and beneficiaries in the program described in Section 14005.30, the federal poverty level programs for infants, children and pregnant women, the Medically-Indigent and Medically-Needy Programs for children and families, and other similar programs designated by the department, in order to preserve family unity or simplify administration. The process shall not apply to applicants or beneficiaries whose eligibility is based on their status as aged, blind, or based upon a disability determination unless, to the extent possible, they are members of families in which a child, parent, or spouse of that person is also a Medi-Cal applicant or beneficiary.

(c) The department shall implement the process of self-certification in two phases. The first phase shall be implemented in two counties as established in subdivision (d), and consistent with requirements set forth in this section. The second phase shall be implemented statewide as established in subdivision (h) and subject to the conditions set forth in this section.

(d) The department shall implement the first phase in two counties that have a combined Medi-Cal population of approximately 10 percent of the total statewide Medi-Cal population for the programs described in subdivision (b) as being eligible for the self-certification process. The department shall select the two counties for the initial phase of implementation by considering the following factors:

(1) The county's demonstrated record of completing eligibility determinations and redeterminations accurately and on a timely basis.

(2) The county's demonstrated record of accurately, quickly and successfully implementing programs.

(e) Each county shall agree to meet all federal requirements for income, resource, and other verifications, and to perform determinations and verifications in a timely manner.

(f) Following a two-year implementation of the first phase, the department shall promptly provide the fiscal and policy committees of the Legislature with an evaluation of the self-certification process and its impacts on the Medi-Cal program, including its impact on enrolling and retaining eligible persons, simplifying the program, assuring program and fiscal integrity, administrative costs, and its overall cost-benefit to the state.

(g) The director may modify or terminate the first phase of implementation not sooner than 90 days after providing notification to the Chair of the Joint Legislative Budget Committee. This notification shall articulate the specific reasons for the modification or termination and shall include all relevant data elements which are applicable to document the reasons provided for said modifications or termination. Upon the request of the Chair of the Joint Legislative Budget Committee, the director shall promptly provide any additional clarifying information regarding the first phase of implementation as requested.

(h) Following two years of operation in two counties and submission of the evaluation to the Legislature, the director, in consultation with the Department of Finance, shall determine whether to implement the self-certification process statewide. This determination shall be based on the outcomes of the evaluation, including the ability to increase enrollment of eligible children and families, and to maintain the overall integrity of the Medi-Cal program. Statewide implementation shall be contingent on a specific appropriation being provided for this purpose in the Budget Act or subsequent legislation.

(i) This section shall be implemented only if that, and to the extent, federal financial participation is available.

(j) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this section by means of all-county letters or similar instructions, without taking any further regulatory action. Thereafter, the department shall adopt regulations, as necessary, to implement this section in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(k) The department, in consultation with the Department of Finance, counties, and other interested stakeholders, shall determine which types of assets and income are appropriate for self-certification under this section.

(l) Nothing in this section shall be read to preclude a county from requesting documentation from any applicant or beneficiary regarding any income or asset where a question arises about such income or asset during the county's determination or redetermination of eligibility following receipt of the application or annual redetermination form.

(m) Nothing in this section shall change the ability of the department to self-certify income, assets, or other program information to the extent allowed under state or federal law, waiver, or the state plan.

(n) (1) This section shall not be implemented if the voters approve Proposition 86, the tobacco tax initiative, at the statewide general election on November 7, 2006.

(2) Notwithstanding paragraph (1) if Proposition 86 is approved by the voters at the statewide general election on November 7, 2006, this section shall be implemented during the pendency of any legal action concerning the validity of the proposition.

SEC. 9. The adoption and one readoption of any regulations by the Managed Risk Medical Insurance Board to implement this act shall be deemed to be an emergency and necessary for the immediate preservation of public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the board is hereby exempted from the requirement that it describe specific facts showing the need for immediate action and from review by the Office of Administrative Law. For purpose of subdivision (e) of Section 11346.1 of the Government Code, the 120-day period, as applicable to the effective period of an emergency regulatory action and submission of specified

materials to the Office of Administrative Law, is hereby extended to 180 days.

SEC. 10. Notwithstanding any other provision of law, this act shall be implemented only to the extent that funds are appropriated for the purposes of this act in the annual Budget Act or in another statute. To the extent that funds are appropriated for only a portion of the changes enacted pursuant to this act, those changes for which funds are appropriated shall be implemented.

SEC. 11. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.